

Nepal Rastra Bank Money Changer Licensing
and
Inspection Bylaw, 2020
(Including Fourth Amendment)



Nepal Rastra Bank
Central Office

Foreign Exchange Management Department

2020

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- ¹First Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on April 7, 2022 (meeting number: 41/2078).
- ²Second Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date June 29, 2022 (meeting number 9/2079).
- ³Third Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date September 29, 2022 (meeting number 22/2079).
- ⁴Fourth Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date December 15, 2022 (meeting number 31/2079).

Nepal Rastra Bank Money Changer Licensing and Inspection Bylaw, 2020

In accordance with Section 63 of Nepal Rastra Bank Act, 2002, and Section 3 of Foreign Exchange (Regulation) Act, 1962, the Board of Directors of Nepal Rastra Bank, exercising the authority conferred by Section 63 of Nepal Rastra Bank Act, 2002, and Section 12 of Foreign Exchange (Regulation) Act, 1962, has formulated the following Bylaws for the purpose of granting licence to companies conducting money changer transaction, and their inspection and supervision.

Chapter-1

Preliminary

1. **Short title and commencement:** (1) This Bylaw shall be called the “**Nepal Rastra Bank Money Changer Licensing and Inspection Bylaw, 2020.**”
(2) This Bylaw shall commence immediately.
2. **Definitions:** Unless the subject or context otherwise requires, in this Bylaw:
 - a) “Order or Directive or Notice” means an order, directive, or notice issued by Rastra Bank from time to time in accordance with the Act or prevailing laws.
 - b) “Licence” means the licence issued by Rastra Bank to a money changer to conduct foreign exchange transaction.
 - c) “Licensed institution” means a company that has obtained a licence in accordance with Bylaw 9.
 - d) “Family” means the money changer shareholder's husband or wife, son, daughter-in-law, daughter, adopted daughter, father, mother, stepmother including elder brother, elder sister-in-law, younger brother, younger sister-in-law, elder sister and younger sister of the director, to be cared or nurtured by him or her. Provided that the term does not include the member of the family being separated with partition of the family property and carrying out his/her profession or business on his/her own.
 - e) “Act” means the Foreign Exchange (Regulation) Act, 1962.
 - f) “Transaction” shall mean the purchase or both purchase and sale of foreign currency as specified by Rastra Bank under Sub-section (3) of Section 3 of the Act.
 - g) “Office” means the provincial office of Nepal Rastra Bank.
 - h) “Office chief” means the chief of the provincial offices of Nepal Rastra Bank.
 - i) “Governor” means the Governor of Rastra Bank.

- j) “Inspector” means the member of the inspection team assigned by Rastra Bank to conduct on-site inspections of money changers licensed to conduct foreign exchange transaction, and this term also refers to expert and institution assigned by the Nepal Rastra Bank for the same purpose.
- k) “Inspection Team” means to the inspection team appointed by Rastra Bank to conduct on-site inspection of money changer licensed to conduct foreign exchange transaction.
- l) “Applicant” means to an interested natural person who wishes to obtain a money changer licence by establishing a money changer company, and to become a shareholder and director of the company.
- m) “Office bearer” means the director, executive chief, company secretary, and any officer-level staff of the money changer authorized to make decisions on any matter.
- n) “Convertible foreign currency” means the foreign currency specified by the Nepal Rastra Bank through public notice as convertible foreign currency in accordance with the Nepal Rastra Bank Act.
- o) “Provincial office” means the offices of the Nepal Rastra Bank located in the provinces.
- p) “Bank” means an organized institution established to conduct banking and financial transaction in accordance with Sub-section (1) of Section 49 of the Bank and Financial Institutions Act, 2017.
- q) “Money changer” means a company licensed by the Nepal Rastra Bank to conduct foreign exchange transaction in accordance with Section 3 of the Act.
- r) “Rastra Bank” means the Nepal Rastra Bank established under the Nepal Rastra Bank Act, 2002.
- s) “Financial institution” means a development bank established to conduct transaction in accordance with Sub-section (2) of Section 49 of the Bank and Financial Institutions Act, 2017, and a financial company established to conduct transactions in accordance with Sub-section (3) of the same section.
- t) "Foreign currency" means the currency other than the Nepalese currency and this term includes the special drawing rights on the International Monetary Fund, the Asian Currency Units, the European Currency Units and other instruments as the Bank may prescribe, as per the requirement, by publication and transmission of public notice.
- u) “Department” means the Foreign Exchange Management Department of Rastra Bank.

- v) “Departmental Chief” means the head of the Foreign Exchange Management Department of Rastra Bank.
- w) “Director” means a member of the board of directors of a money changer licensed to conduct foreign exchange transaction.
- w1) “Concerned supervision department” means the Non-Bank Financial Institution Supervision Department of Rastra Bank.²
- x) “Supervisor” means the members of the supervision team assigned by Rastra Bank to conduct off-site supervision of money changers licensed to conduct foreign exchange transaction, and this term also includes expert and institution assigned by Rastra Bank for the same purpose.
- y) “Supervision team” means the supervision team assigned by Rastra Bank to conduct off-site supervision of money changer licensed to conduct foreign exchange transaction.

Chapter-2

Provisions Related to Granting Licence

3. Must obtain licence: The company undertaking money changer transaction must obtain a licence from the department in accordance with this Bylaw.
4. Must apply for licence:
 - (1) The department may, following the procedures mentioned below, grant a licence to a company registered at the Office of the Company Registrar to conduct money changer transaction:–
 - a) By inviting applications specifying the area for the money changer transaction, or
 - b) Based on the application received for conducting money changer transaction.
 - (2) An applicant wishing to conduct money changer transaction as per sub-bylaw (1) must submit an application in the format prescribed in Schedule-1 along with the documents specified in Schedule-1(A) to the department if the transaction area is within the Kathmandu Valley, and to the concerned provincial office of Rastra Bank if the transaction area is outside the Kathmandu Valley. If the provincial office of Rastra Bank is not convenient, the application can be submitted to the department.
 - (3) The applicant, director, and office bearer applying to conduct money changer transaction must meet the following qualifications:–
 - a) Nepalese citizen who has completed 18 years of age,
 - b) Having sound mental health,
 - c) Not insolvent or bankrupt,

- d) If blacklisted by any bank or financial institution, at least three years must have passed after being removed from the blacklist,
- e) If there is a liability to pay taxes as per prevailing laws, such taxes must have been cleared,
- f) If convicted of a moral turpitude crime by a court, at least five years must have passed after serving the sentence,
- g) If convicted of corruption or fraud by a court, at least five years must have passed after serving the sentence,
- h) Not holding any position in government, public, or bank and financial institution services,
- i) Dishonesty or mal-intention has not been proved for operation with bank and financial institution,
- j) Not having been punished for crimes related to money laundering and financing of terrorism related activities.
- k) If criminal record is shown in police report, 5 years have elapsed after serving the sentence (evidence to be submitted).⁴

5. Provisions related to licence fees:

- (1) The following fees must be submitted to Rastra Bank to obtain a licence for money changer transaction:
 - a) Twenty five thousand rupees for the purchase and sale transactions of Indian Rupees.
 - b) One hundred thousand rupees for the purchase transactions of convertible foreign currency.
 - c) One hundred twenty-five thousand rupees for both transactions mentioned in clauses (a) and (b).
 - d) An additional twenty-five thousand rupees for the transaction of providing the exchange facility, as specified, against passport to Nepalese citizens going on foreign visits.²

6. Provisions related to security deposit for licence:

- (1) The following security deposit must be submitted to Rastra Bank to obtain and renew a money changer transaction licence:
 - a) One hundred thousand rupees for the purchase and sale of Indian Rupees.
 - b) Five hundred thousand rupees for the purchase of convertible foreign currency.
 - c) Six hundred thousand rupees for both transactions mentioned in clauses (a) and (b).
 - d) An additional two hundred thousand rupees for the transaction of providing the exchange facility, as specified, against passport for Nepalese citizens going on foreign visits.²
- (2) The security deposit amount as per sub-by-law (1) can be kept in cash or as guarantee issued by bank or financial institution. In the case of guarantee issued by bank or financial institution, the validity must be at least forty-eight months.
- (3) Notwithstanding anything written in sub-by-law (2), in the case of money changers that had obtained a licence before the implementation of this Bylaw, they must submit the guarantee

issued by bank or financial institution for the period mentioned in sub-bylaw (2) during renewal of the licence.

7. Provisions related to cash security:

- (1) To obtain a licence of money changer, in addition to the security deposit as per Bylaw 6, the following cash security shall be kept in the security account of Rastra Bank:-
 - a) Fifty thousand rupees for purchase and sell transaction of Indian Rupees.
 - b) Seventy-five thousand rupees for purchase transaction of convertible foreign currency.
 - c) One hundred thousand rupees for both transaction under clause (a) and (b).
- (2) If the deposited cash security amount as per sub-bylaw (1) is requested for refund after annulment of money changer transaction licence as per sub-bylaw (3) of Bylaw 19 or submission of application for closure of money changer transaction as per Bylaw 22, only the remaining amount, after deducting amount incurred for publication of notice by Rastra Bank regarding closure of money changer transaction, shall be refunded.

8. Provisions related to capital:

- (1) The following minimum paid-up capital must be maintained to obtain a licence to conduct money changer transaction:-
 - a) One million rupees for purchase and sell transaction of Indian rupees.
 - b) One million and five hundred thousand rupees for purchase transaction of convertible foreign currency.
 - c) Two million rupees for both transaction as per clauses (a) and (b).

9. Issuance of licence:

- (1) Upon investigating the application submitted in accordance with sub-bylaw (2) of Bylaw 4, if the department finds it appropriate to issue a money changer licence, it may provide a letter of principle consent in the format specified in Schedule -2. When issuing such a licence, the department may also give necessary instructions to the applicant to initiate the process for a money changer licence at a location other than the one requested, if deemed suitable.
- (2) After receiving the letter of principle consent as per sub-bylaw (1), the applicant must complete all the documents and procedures specified in Schedule-3 mentioned in the letter of consent and provide written information to the department/provincial office of Rastra bank within thirty-five days.
- (3) After receiving the information as per sub-bylaw (2), if the department finds it appropriate upon conducting a site inspection and other studies of the physical infrastructure of the transaction location subject to the conditions specified in Schedule-4, it may issue a licence for money changer transaction in the format specified in Schedule-5, for a period of three years.
- (4) Licence to be granted in accordance with sub-bylaw (3) shall be as follows:-²
 - a) To conduct transaction of purchase and sell of Indian Rupees.
 - b) To conduct only the purchase transaction of convertible foreign currency.
 - c) To conduct both types of transactions mentioned in clauses (a) and (b).

- d) To conduct the transactions mentioned in clause (c) and to sell convertible foreign currency to Nepalese citizens traveling abroad as per the prescribed exchange facility against passports. However, such a licence shall be provided only for the premises within the international airport based on the recommendation of the Civil Aviation Authority of Nepal.²
- (4A) For licensed money changer submitting an application to add or remove the types of transaction specified in the licence at the time of renewal, the department may add or remove the types of transaction to align with the validity period of the existing licence. However, if an application is submitted to add any type of transaction before the renewal period, the department may add the transaction for the remaining period of the existing licence by charging the fee as per Bylaw (5) and complying with the prescribed provisions.²
- (5) In the case of the jurisdiction of the provincial office, the concerned office shall receive the application and recommend it to the department. The department, after examining the appropriateness, may issue the licence for three years in accordance with sub-bylaw (1) to (4).

Chapter-3

Functions and Duties of Money Changers

10. Conditions to be followed while conducting money changer transaction:

- (1) A company licensed to conduct money changer transaction shall only be allowed to conduct the following functions:
 - a) A company licensed to conduct transactions of Indian Rupees may conduct both purchase and sell transactions of that currency.
 - b) A company licensed to conduct transaction of convertible foreign currency may only conduct purchase of such currency.¹
 - c) The money changer must deposit the purchased convertible foreign currency in Rastra Bank or a bank and financial institution within two working days of the transaction.
 - d) Licensed money changers must manage the required Indian Rupees for their transactions on their own.
 - e) Licensed money changers must keep accurate records of their foreign currency transaction.
 - f) Licensed money changers must issue a Foreign Exchange Encashment Receipt (FEER) in the format specified in Schedule-6 when accepting convertible foreign currency from their customers and clients. Licensed money changer must also obtain document specified by Rastra Bank when conducting foreign currency transaction with their customer and client.
 - g) Licensed money changer must display their licence at their transaction place, visible to public.
 - h) Money changer may provide exchange facility through electronic means such as Point of Sales (POS) and QR codes by entering into an agreement with any bank.
 - i) If licensed money changer brings Indian Rupees to Rastra Bank or a bank and financial institution after purchasing, it shall be provided the commission specified by Rastra Bank.

- j) When purchasing the convertible foreign currency deposited by money changer, Rastra Bank shall deduct the specified commission based on the prevailing exchange rate and purchase it.
- k) If money changer is to be closed for up to 3 days for any reason, it must be informed to Rastra Bank, and prior approval must be compulsorily taken for closure beyond the stated time.¹
- l) In case where the Government of Nepal has made arrangement to collect amounts from foreign citizen for visa and other fees and fines exclusively in convertible foreign currency, money changer licensed to buy convertible foreign currency at international airports may sell the specified convertible foreign currency to foreign citizen for this purpose. Details of such convertible foreign currency transaction (sale date, customer's name, passport number, country, purpose of sale, and amount) must be mandatorily submitted to the concerned department on a monthly basis within seven days after the end of the month.³

11. Functions not to be undertaken by money changer: (1) A money changer shall not perform or cause to perform the following functions:—

- a) Money changer authorized solely for the purchase and sale of Indian Rupees shall not engage in the purchase of convertible foreign currency.
- b) Licensed money changer solely for the purchase and sale of convertible foreign currency shall not engage in the purchase and sale of Indian Rupees.²
- c) Money changer shall not engage in the purchase and sale of goods for commercial purposes, or in the construction of buildings, purchase of immovable property, or investment in other companies, except for office purposes with the approval of Rastra Bank.
- d) Money changer shall not provide any type of loan or advance to anyone other than its own employees.
- e) Money changer shall not engage in any foreign exchange transaction other than those specified in the licence granted by Rastra Bank.

Chapter-4

Provisions Related to Inspection and Supervision

12. Conduct inspection and supervision:

- (1) Rastra Bank may conduct on-site inspection and off-site supervision or both of money changer as needed.
- (2) Pursuant to sub-bylaw (1), the inspection and supervision of money changer within Kathmandu Valley shall be conducted by the concerned supervision department, and for money changer outside Kathmandu Valley, it shall be conducted by the concerned supervision department or the respective provincial office of Rastra Bank.²
- (3) Rastra Bank shall deploy inspection and supervision team as necessary for the purpose of inspection and supervision.
- (4) For the inspection and supervision of money changers outside Kathmandu Valley by the concerned supervision department, staff from Rastra Bank's provincial office may also be deployed as inspector and supervisor, as necessary.²

- (5) The provincial office may conduct the inspection and supervision of money changers within its jurisdiction. Upon request from the concerned supervision department, the provincial office must conduct the inspection and supervision of licensed money changer and submit a report to the department.²

13. Inspection and supervision report:

- (1) The inspection and supervision team must submit the inspection and supervision report to the head of the concerned supervision department/office within five working days after completing the inspection and supervision work. The following subjects, as deemed appropriate, must be included while preparing the inspection and supervision report:-²
- a) Purpose, area, and type of the inspection and supervision,
 - b) Duration of the inspection and supervision,
 - c) Financial analysis, cash and bank balances, and capital status,
 - d) Compliance with provisions regarding the anti-money laundering and combating the financing of terrorism activities,
 - e) Major deficiencies observed during the inspection and supervision,
 - f) Major deficiencies identified during the previous inspection and supervision and the status of their correction,
 - g) Conclusion of the inspection and supervision,
 - h) Suggestions/instructions to be given to the money changer, and
 - i) Other details as specified and deemed necessary by Rastra Bank.

Chapter-5

Provisions related to Action, Punishment and Penalty

14. Violation of regulation It shall be considered a regulatory violation if a money changer fails to comply with the Nepal Rastra Bank Act, 2002, the Foreign Exchange (Regulation) Act, 1962, the Asset (Money) Laundering Prevention Act, 2008, as well as the rules, regulations, and prevailing laws made under these Acts, and the circulars, orders, directives, notices, and conditions specified by Rastra Bank from time to time while granting the licence.
15. Regarding action: Based on the nature of the deficiencies mentioned in the inspection report, Rastra Bank will take the necessary measures, if action is required, If the matter falls under the jurisdiction of the concerned agency of the Government of Nepal, Rastra Bank shall write to that agency for the necessary investigation and action.
16. Punishment and fine for money changer for violation of regulation:
- (1) If money changer commits a regulatory violation as per Bylaw 14, Rastra Bank may impose one or more than one of the following punishment and fine:
- a) Issuing reprimand,
 - b) Giving written warning,
 - c) Depending on the nature of the regulatory violation, impose a restriction on the money changer's transaction for a period ranging from one month to one year,
 - d) Confiscation of cash security held at Rastra Bank or the entire security or or both,
 - e) Imposing fine of up to fifty thousand rupees to five hundred thousand rupees, depending on the nature of the violation of regulation,

f) Suspension or annulment of the licence.

17. Punishment and fine to directors, office bearers, and employees of money changer in case of regulatory violations:

(1) If director and office bearer of a licensed company violate the Nepal Rastra Bank Act, 2002, the Foreign Exchange (Regulation) Act, 1962, or any rules or regulations made thereunder, or any orders or directives issued by Rastra Bank, or fail to submit document, detail, or statistics requested by Rastra Bank or inspecting and supervising officer within the specified time during inspection and supervision, Rastra Bank may impose the following punishment and fine on such director and office bearer of the money changer:

- a) Giving reprimand or written warning,
- b) Giving admonition,
- c) Imposing fine from twenty thousand rupees to two hundred thousand rupees, based on nature of regulatory violation,
- d) Suspension.

(2) If employee of the money changer commits regulatory violation as per sub-bylaw (1), Rastra Bank may write to the concerned money changer for departmental action against such employee.

18. Procedure of action:

(1) While imposing punishment and fines as per Bylaw 16 and 17, Rastra Bank must adhere to the following procedure:

- a) If a violation of regulation as per Bylaw 14 is detected, a written clarification must be sought from the money changer, director, or office bearer, specifying the details of the violation and providing fifteen days period for submission. The accused money changer, director, or office bearer must submit a written clarification within a fifteen-day period. If the written clarification is not submitted within the stipulated period or if the clarification submitted is not satisfactory, there shall be no hindrance to proceed for action as per Bylaw 16 and 17 against the money changer, director, or office bearer.
- b) If the disagreement expressed by the accused money changer, director, or office bearer regarding the alleged offence is found satisfactory by Rastra Bank, it may amend, limit, or dismiss such allegations.
- c) After submission of written explanation sought for the first time that is not satisfactory, Rastra Bank, before imposing proposed punishment, shall provide written notice covering the following to the accused money changer, director, or office bearer to present their defense within 7 days on proposed fine or punishment.
 - i. The nature of regulation violation,
 - ii. The amount of the fine or the proposed penalty which may be imposed according to the nature of the regulation violation, and
 - iii. Summary of regulation violation.

- (2) Notwithstanding anything written in sub-bylaw (1), while imposing punishment and fine as per section (a) and (b) of sub-bylaw (1) of Bylaw 16 and clause (a) and (b) of sub-bylaw (1) of Bylaw 17, no specific procedure needs to be followed.

Chapter-6

Provisions related to Renewal, Suspension and Annulment of Licence

19. Renewal, suspension, and annulment of licence:

- (1) Money changer must initiate the renewal process before the expiration of the licence. Application for renewal of the licence can be submitted to Rastra Bank starting one month prior to the expiration of the licence. For the renewal of a money changer's licence, an application in the format prescribed in Schedule-11 must be submitted along with the documents as per Schedule-11(A). For such renewal, a lump sum fee will be charged, and the licence will be renewed for three years as follows:
- a) Twenty five thousand rupees for transaction involving the purchase and sale of Indian Rupees.
 - b) One hundred thousand rupees for the purchase transaction of convertible foreign currencies.
 - c) One hundred and twenty-five thousand rupees for both transaction as per clauses (a) and (b).
 - d) An additional twenty-five thousand rupees for the transaction of providing exchange facility, as specified, against passport for Nepalese citizens going on foreign visits.²
- (1A) The qualifications as per sub-bylaw (3) of Bylaw 4 must also be met at the time of renewal.⁴
- (2) If application for renewal is submitted within three months after the expiration of the licence, Rastra Bank may renew the licence by charging the renewal fee along with a delay fee equal to 100% of the renewal fee
- (3) If a money changer fails to renew the licence within the period specified in sub-bylaw (2), the security deposit and cash security of the money changer shall be forfeited, and the licence shall be annulled.
- (4) The renewal of the licence shall be carried out by the department in the case of the Kathmandu Valley and by the respective provincial office of Rastra Bank outside the valley. For money changers located outside the valley but not convenient to the provincial office, renewal can be done by the department. The renewed licence shall be issued in the format prescribed in Schedule-12.
- (5) The licence shall be kept suspended in accordance with the prevailing legal provisions and sub-bylaw (1)(c) of Bylaw 16.

Chapter-7

Miscellaneous

20. Manage provisions for security:

- (1) Money changer must use an appropriate safe or cash vault for their transaction and must arrange for required security by their own.
- (2) Money changer must arrange for their own security when depositing or withdrawing amounts to or from Rastra Bank or other bank and financial institution.

21. Change of transaction place and share ownership:

- (1) Generally, a money changer shall not be allowed to change their transaction place or share ownership. However, upon request by a licensed money changer, approval for changing the transaction place shall not be considered obstructed in the following circumstances:
 - a) To move to a new international airport or other location with tourist potential where no money changer or bank and financial institution is currently present, or to location at international borders, and where the current money changers are insufficient to meet tourist demands,
 - b) To move to any location within the vicinity where no licensed institution is present to conduct foreign exchange transaction,
 - c) If the lease agreement of a money changer company's premise has expired or for other reasons the company cannot remain in the same premise, it may move to a location within approximately one-kilometer perimeter of the original location,
 - d) If inspection and supervision report by Rastra Bank indicates that the current location of the money changer company is unsuitable, it may move to a location within approximately one kilometer perimeter of the original location,
 - e) If the application submitted for change of place as per clause (a), (b), (c), and (d) has been found reasonable, after study, and the proposed place of transaction has been found appropriate, after physical inspection and supervision of infrastructure, department may grant approval for change of place by collecting a fee of five thousand rupees.
- (2) Licensed money changer shall not be considered obstructed by sub-by-law (1) in obtaining consent to transfer ownership of the company in the following circumstances:
 - a) Transfer ownership based on proof if the money changer shareholder has died, is ill, or is incapacitated.
 - b) Transfer ownership in the name of a family member.
 - c) If it is shown with evidence that there are no family members, transfer ownership based on certification from the concerned agency of the Government of Nepal, recognizing the nearest legal heir according to existing Nepalese law.

- d) Regarding ownership transfer, in the case where an application has been registered with Rastra Bank before the implementation of this Bylaw, after obtaining approval for ownership change from the Office of the Company Registrar.
- e) If, upon reviewing application for ownership transfer as per clauses (a), (b), and (c), the reasons are found reasonable and the proposed director and office bearer meet the qualifications as per sub-bylaw (3) of Bylaw 4 of the Bylaw, the department may grant prior consent for ownership transfer upon payment of a fee of five thousand rupees. However, prior consent is not required for ownership transfer as per clause (d).

22. Provision for money changer to apply for cancellation of licence with closure of transaction:

- (1) If a money changer wishes to close its transaction for any reason and cancel its licence, it must submit an application to the department or the respective provincial office for prior approval. Such an application must be submitted before expiration of the licence.
- (2) Before a money changer makes a decision to close the transaction and cancel the licence, Rastra bank shall publish a thirty-five-day public notice in national daily newspaper, and the related expenses shall be borne by the concerned money changer. Upon the closure of the transaction and cancellation of the licence, Rastra bank shall settle and release the security deposit and cash security of the concerned money changer.

23. Method of issuing receipt and maintaining record:

- (1) A money changer must prepare and keep updated record of convertible foreign exchange transaction in the format prescribed in Schedule-6.
- (2) A money changer must establish a daily purchase/sale register for transaction involving the purchase/sale of convertible foreign currency and the deposits made to Rastra Bank or other bank and financial institutions. Based on these daily records, monthly and annual records must be prepared and kept up to date.²
- (3) A money changer must maintain daily purchase/sale records for transactions involving the purchase/sale of Indian Rupees and deposits made to Rastra bank or other bank and financial institutions.

24. Submission of records:

- (1) A money changer must prepare monthly records of convertible foreign currency purchase receipts in the format prescribed in Schedule-7, monthly purchase and sale records of convertible foreign currency in the format prescribed in Schedule-8, and monthly purchase and sale records of Indian Rupees in the format prescribed in Schedule-9. These records must be submitted to the concerned supervision department in the case of Kathmandu Valley, and to provincial office of Rastra Bank in the case of areas outside Kathmandu Valley, within fifteen days of the end of the month. Such records may also be submitted electronically.²
- (2) In addition to the records specified in sub-bylaw (1), it shall be the duty of the concerned money changer to submit any other records as requested by the department or the concerned supervision department from time to time.²

- (3) The accounts of each fiscal year must be audited within the timeframe specified by prevailing laws, and a copy of the audited financials must be submitted to the concerned supervision department/office.²
25. Maintaining accounts: Money changer must maintain accounts in such a way that clearly shows capital, liabilities, assets, income, expenses, and other transactions. The standards prescribed by the Nepal Accounting Standards must be followed while doing so.
26. Provision regarding sign board:
- (1) Licensed money changer must display a sign board at its place of transaction in the format prescribed in Schedule-10.
 - (2) If the company needs to include any additional information on the prescribed sign board, approval must be obtained from the department.
27. Regarding licence for sale of convertible foreign currency against passport facility: After the implementation of this Bylaw, the issuance of licence to money changers for selling convertible foreign currency to Nepalese citizens traveling abroad against passport has been discontinued. Furthermore, licence granted to institution for selling convertible foreign currency to Nepalese citizens traveling abroad against passport before implementation of this Bylaw shall not be renewed.
- However, this provision does not obstruct the issuance and renewal of licence as per clause (d) of sub-bylaw (4) of Bylaw 9.²
28. Special provision regarding COVID-19: In case where renewal of the money changer - licensed by Rastra Bank - conducting transaction prior to coming into effect of this Bylaw, could not be done within the licence validity due to COVID-19 related reasons, the new renewal date shall be set from the previous licence validity date in accordance with the provisions of the erstwhile Bylaw, till the timeframe specified by Rastra Bank. If renewal application is not submitted by money changer - whose validity has expired - within the timeframe specified by Rastra Bank, it shall be as per the provisions of this Bylaw.
29. Removal of obstacles: If there is any obstacle in the implementation of this Bylaw, the Governor can remove such obstacle.
30. Change or alteration in schedule: The Governor may make necessary change or alteration in schedule.²
31. Revocation and protection:
- (1) Nepal Rastra Bank Money Changer Bylaw, 2010, has been revoked.
 - (2) All functions and actions taken under Nepal Rastra Bank Money Changer Bylaw, 2010, shall be deemed to have been carried out in accordance with this Bylaw.

Schedule-1

Related to Sub-bylaw (2) of Bylaw 4 of the Bylaw

Date:

Nepal Rastra Bank

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Dear Sir/Madam,

I/We hereby submit this application along with the following details and attached documents for a licence to conduct money changer transaction.

1. Location for operating the moneychanger:
(Full address and map of the location where the money changer will operate)
2. Type of transaction for which the application for the licence is submitted:
 - (a) Indian Rupees (purchase/sell)
 - (b) Convertible foreign currency (purchase only)
 - (c) Both transactions mentioned in clauses (a) and (b).
 - (d) Transactions as per clause (c) and sale of convertible foreign currency, as prescribed, against passport Nepalese citizens going on foreign visits.²
3. Upon obtaining principle consent to conduct money changer transaction, I/we will register a separate company in accordance with the prevailing laws for money changer transaction within the specified period and provide written notification to Rastra Bank.
4. I/we declare that I am/we are Nepalese citizen over 18 years of age; have sound mental state; have not been declared bankrupt; if blacklisted for any dealings with any bank or financial institution, at least three years have passed since removal from such list; have paid tax liabilities as per prevailing laws; if convicted of any moral turpitude by the court, at least five years have passed since serving the sentence; if convicted of corruption or fraud, at least five years have passed since serving the sentence; do not hold any position in government, public, bank, or financial institution service; have not been proven to have dishonest or mal-intention in dealing with bank or financial institution; and have not been convicted of any offense related to money laundering or terrorism financing activities.
5. If criminal record is shown in police report, I/we have also submitted proof that five years have elapsed after serving the sentence.⁴

I/We declare that the above-mentioned details and the following particulars are true and correct, and if found false, I/we am/are ready to face punishment according to the prevailing laws. Furthermore, if additional details or particulars are required beyond the mentioned details and particulars, I/we request to submit them within the specified period as prescribed.

Details of the Applicant(s)*:

- (1) Name:
- (2) Age:
- (3) Father's Name:
- (4) Mother's Name:
- (5) Grandfather's Name:
- (6) Educational Qualification:
- (7) If involved in business, industry, or other profession, details thereof:
- (8) Citizenship Certificate Number:
- (9) Date of Issuance of Citizenship:
- (10) Issuing Authority and District:
- (11) Permanent Address:
- (12) Current Address:
- (13) Mobile Number:
- (14) Email:
- (15) Phone Number (if any):
- (16) Fax Number (if any):
- (17) Post Box Number (if any):
- (18) Signature:

*If the application is submitted by more than one natural person, each individual must separately submit this information.

Schedule-1(A)

Related to Sub-bylaw (2) of Bylaw 4 of the Bylaw

Documents to be submitted with the application

1. Application as per Schedule-1.
2. Certified copy of the memorandum of association and articles of association of the proposed company.
3. Location map where the proposed money changer transaction will be conducted.
4. Bio-Data of the applicant.
5. Certified copy of applicant's citizenship and passport sized photograph.
6. Letter from Credit Information Bureau of Nepal stating that the applicant is not blacklisted.
7. Document revealing the source of shareholder's investment.
8. Self-declaration regarding full compliance with the provisions to submit details as per the bylaws issued by Nepal Rastra Bank and prevailing rules, laws and other provisions made thereunder Acts, and provisions of Foreign Exchange (Regulation) Act, 1962.

Schedule-2

Related to Sub-bylaw (1) of Bylaw 9 of the Bylaw

Mr./Mrs./Ms.
.....

Subject: Letter of Principle Consent

Dear Sir/Madam,

Regarding your application dated requesting a licence for money changer transaction at, upon review, it has been decided to grant principle consent to..... (Proposed name) for licence of money changer transaction. You are hereby notified to make the necessary arrangements, including setting up counter at the specified location, and complete the procedures listed and contact within 35 days from the date of this letter. It is notified that if the procedures are not completed and contact is not made within the stipulated time, this approval letter will automatically become void.

List:

Documents and procedures listed in Schedule-3

Yours sincerely,

(.....)
Deputy Director

CC:

Nepal Government

Ministry of Industry, Commerce, and Supplies

Office of the Company Registrar: Proceed with the necessary actions to establish a company to conduct money changer transaction after obtaining licence duly from Nepal Rastra Bank.

Schedule-3

Related to Sub-bylaw (2) of Bylaw 9 of the Bylaw

1. Certified copy of company registration certificate in Office of the Company Registrar.
2. Certified copy of certificate of Permanent Account Number.
3. Original receipt of licence fee deposited with Rastra Bank.
4. Certified copy of the rental agreement in accordance with the prevailing law, if money changer is to be operated in rented space (3 generation details and a certified copy of the citizenship of the landlord is mandatory/in the case of institution, certified copy of company registration certificate and income tax registration certificate).
5. Certified copy of company's memorandum of association and articles of association.
6. Certified copy of proof of payment of rental taxes, if the money changer is to be operated in rented space.
7. Security deposit as per sub-bylaw (1) of Bylaw 6 of Money Changer Licensing and Inspection Bylaw, 2020. If guarantee from bank and financial institutions is to be submitted as the security deposit, then original copy of it.
8. Original voucher regarding deposit of cash security as per sub-bylaw (1) of Bylaw 7 of Money Changer Licensing and Inspection Bylaw, 2020.
9. Self-declaration regarding full compliance with the provisions to submit details as per the bylaws issued by Nepal Rastra Bank and prevailing rules, laws and other provisions made thereunder Acts, and provisions of Foreign Exchange (Regulation) Act, 1962.
10. Sample of the FEER as per Schedule-6.
11. Details of shareholders, directors and office bearers of the company.
12. Other documents prescribed by Rastra Bank if any additional documents are required for foreign exchange transaction.

(Note: Documents submitted to obtain the principle consent letter are not required to be re-submitted).

Schedule-4

Conditions Related to Sub-bylaw (3) of Bylaw 9 of the Bylaw

1. Before obtaining licence, money changer must deposit cash security in name of Rastra Bank in the account specified by Rastra Bank as per Bylaw 7. If guarantee issued by bank or financial institution is kept as security amount, the period of the guarantee must be at least 48 (forty eight) months as per sub-bylaw (2) of Bylaw 6.
2. Receipt in the format as per Schedule-6 must be used for transaction of convertible foreign currency.
3. Documents specified by Rastra Bank must be obtained from customer/service recipient for transaction in convertible foreign currency and Indian rupees.
4. When purchasing/selling convertible foreign currency, buying/selling has to be done as prescribed by Rastra Bank from time to time.¹
5. When purchasing/selling Indian rupees, buying/selling has to be done as prescribed by Rastra Bank from time to time
6. The purchase/sale rate determined according to condition no. 4 and 5 must be kept on the board at the transaction place such that anyone can clearly see it.
7. No other business can be done at the place where the exchange transaction is conducted, except as approved by Rastra Bank.
8. There shall be a secured cash vault.
9. If the house used for office of money changer is at rented space, rental agreement must be done for at least thirty-six months.
10. Accounts of all daily transaction details must be kept in a clear manner. The related details must be sent compulsorily in the prescribed format to the provincial office of Rastra Bank that grants the licence or to the concerned supervision department, within fifteen days from the end of month.²
11. All profit or loss arising from devaluation or revaluation of convertible foreign currency and Indian currency shall belong to respective company doing money changer transaction. No compensation shall be given for such.
12. If the cash or traveller's cheque received during the exchange transaction is found to be fake or counterfeit, money changer shall have to take full responsibility for such.
13. Licensed money changer to conduct buying transaction of convertible foreign currency can keep up to five hundred US dollars in cash or other equivalent other convertible foreign currency as petty cash to conduct its transaction.
14. It shall be the duty of concerned money changer to comply with Nepal Rastra Bank Act, 2002, Foreign Exchange (Regulation) Act, 1962 and Asset (Money) Laundering Prevention Act, 2008, and rules, bylaws, order, directive, circular, notices thereunder the mentioned Acts.
15. Rastra Bank can inspect and supervise money changer transaction at any time.
16. If any irregularity in money changer transaction has been found or if the specified conditions are found to be violated, any one or more actions such as annulling or suspending licence for money changer transaction, or confiscating security deposit or cash security, and necessary actions as per prevailing Act, rules can also be taken, at any time.
17. Foreign currency purchased by money changer must be deposited with Rastra Bank or bank and financial institutions within two working days of purchase. If public holiday falls on such a day, it must be deposited with Rastra Bank or bank and financial institutions on the next day, when office opens.

18. Money changer transacting in convertible foreign currency must post the following notice in its place of transaction such that anyone can see it.

IMPORTANT INFORMATION

1. As per prevailing Nepalese Law, it is illegal to deal in Foreign Exchange with a person or an unauthorized institution.
2. Please obtain receipt whenever you exchange your money.
3. The Nepalese Rupees balance remaining with you (not for Nepalese and Indian nationals) can be converted back into convertible foreign currencies on submission of encashment receipt or proof of source of Nepalese Rupees.
4. The receipt or proof of source of Nepalese Rupees stamped "USED" by the authorized dealer of foreign exchange, will not be considered for refund.

Schedule-5

Related to Sub-bylaw (3) of Bylaw 9 of the Bylaw

**NEPAL RASTRA BANK
CENTRAL OFFICE
FOREIGN EXCHANGE MANAGEMENT DEPARTMENT**

**Licence for Money Changer
(Convertible Foreign Currencies/Indian Rupees)**

Licence No.: NRB (Fx.) MC .../

This Money Changer Licence has been issued to M/S (Name) **(Address)**, in pursuant to sub section (1) of section 3 of **Foreign Exchange (Regulation) Act, 1962**. The Licence holder may exchange foreign currency from foreigners and Nepalese citizens who have right to hold foreign currency within the country as per the terms and conditions mentioned below as well as given instructions attached herewith.

Type of transaction:.....

Place of business:

Valid until:

Terms and Conditions :

1. The company must follow Foreign Exchange (Regulation) Act, 1962; Money Laundering Prevention Act, 2008; and other Acts and Rules, Bylaws, Regulation and circulars issued there under by any competent authority including Nepal Rastra Bank (Central Bank of Nepal) from time to time.
2. This Licence must be displayed at the place of business. The Licence must only be used at the place of business where this authorization applies.
3. The company must submit monthly statements to Nepal Rastra Bank and other information as required by the Nepal Rastra Bank time to time.
4. Daily exchange rates of foreign currencies must be displayed at the place of business.
5. This Licence is not transferable.

**For and on the behalf of
Nepal Rastra Bank**

Baluwatar, Kathmandu.

Date:

(.....)

Assistant Director

(.....)

Deputy Director

Schedule-6

Related to Clause (f) of Sub-bylaw (1) of Bylaw 10 of the Bylaw

(Money Changer's Name:.....)
(Address:.....)

**FOREIGN EXCHANGE ENCASHMENT RECEIPT (FEER)
For Transaction of Convertible Foreign Currencies**

Receipt No.:

Date:.....

We hereby certify that we have purchased convertible foreign currency as mentioned below from:

Mr. /Mrs. /Ms.
Citizenship No. (for Nepalese) or Passport No. :.....
Nationality.....
Address.....

Particulars Cash	Currency Amount	Rate	Rupee Equivalent	Authorized dealer's Name, address, Stamp and Signature
		Total Rs.		

Foreign Currency in Words... ..
.....
.....

Customer's Signature:

Local Address:

PLEASE READ IMPORTANT INFORMATION OVERLEAF

**ENDORSEMENT TO BE MADE BY AUTHORISED DEALER ACCEPTING
THEIR BILL IN RUPEES**

S.N.	Date	Kind of Service	Bill		Balance after Billing in Rs.	Authorized dealer's name, address, stamp and Signature
			No. & date	Rs.		

IMPORTANT INFORMATION:

1. As per prevailing Nepalese Law, it is illegal to deal in Foreign Exchange with a person or an unauthorized institution.
2. Please obtain receipt whenever you exchange your money.
3. The Nepalese Rupees balance remaining with you (not for Nepalese and Indian nationals) will be converted back into convertible foreign currencies, on submission of encashment receipt or proof of source of Nepalese Rupees.
4. The receipt or proof of source of Nepalese Rupees stamped "USED" by the authorized dealer of foreign exchange, will not be considered for refund.

THIS EXCHANGE RECEIPT SHOULD BE CAREFULLY PRESERVED DURING YOUR STAY IN NEPAL.

Schedule-7

Related to Clause (f) of Sub-bylaw (1) of Bylaw 10 of the Bylaw

(Money Changer's Name:.....)

(Address:.....)

Foreign Exchange Encashment Receipt Statement

Period: From To Date:

Date	FEER No.	Amounts Purchased From	Cheque/Cash	Amount Sold To Bank	Balance at the end of the Day	Remarks

Prepared By: Checked By:Email:.....

Name:..... Name.....Mobile No.:.....

Signature:Signature:..... Seal:.....

Schedule-8

Related to Sub-bylaw (1) of Bylaw 24 of the Bylaw

(Name of Money Changer:)

(Address:)

Monthly statement of purchase and sale of convertible foreign currency

Nepal Rastra Bank,

Date:.....

.....

Subject: - Monthly Transaction Details

Dear Sir/Madam,

The details of foreign exchange transaction made by money changer during the.....month..... year are as follows.

Purchase Details

Currency	Cash	Travel Cheque	Electronic Card	Others	Total
US Dollar					
Other Currency					
(a).....					
(b)					
(c).....					
(d).....					

Sale Details

Currency	Cash
US Dollar	
Other Currency	
(a).....	
(b)	
(c)	
(d).....	

Prepared By: Checked By: Email:.....

Name:..... Name..... Mobile No.:.....

Signature: Signature:..... Seal:.....

Note:

- 1) Evidence of depositing foreign currency in Rastra Bank or bank and financial institutions must be attached compulsorily.
- 2) The above statement must be submitted compulsorily within fifteen days of the end of the month.

Schedule-9

Related to Sub-bylaw (1) of Bylaw 24 of the Bylaw

(Name of Money Changer:)

(Address:.....)

Monthly Statement of Purchase/Sale of Indian Rupees

Period: DateYearMonth

Dates	Purchase			Sale		Total
	With Customers	With Rastra Bank, Bank and Financial Institution	Total	To customers	To Rastra Bank, Bank and Financial Institution	
Total Amount						

Prepared By:..... Checked By: Email:.....
 Name: Name: Mobile No.:.....
 Signature: Signature: Seal:.....

Schedule-10

Related to Sub-bylaw (1) of Bylaw 26 of the Bylaw

Sample of sign board to be kept by money changer

NRB, Licence No.....	Company Registraton No.....
----- Money Changer Company Pvt. Ltd./ Ltd. -----, Nepal Phone No.:.....	
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 0 auto;"><p>The logo can be kept but is not mandatory</p></div>	
<p>Licensed by: Nepal Rastra Bank (Central Bank of Nepal) <i>(The font size of these texts shall not be bigger than that of preceding texts)</i></p>	

Schedule-11

Related to Sub-bylaw (1) of Bylaw 19 of the Bylaw

Format of application for renewal of money changer licence

Date:

Nepal Rastra Bank,
.....
.....

Subject:- Regarding Renewal of Licence

Dear Sir/Madam,

As the foreign currency transaction licence of this money changer, granted by you, has expired/is expiring on I/we request for renewal of it.

Details

1. Name of Money Changer:
 (In Nepalese)
 (In English) (BLOCK LETTERS).....
2. Current Address of Money Changer: Province:..... District....., Rural Municipality/Municipality/Sub-Metropolitan City /Metropolitan City.....Street No:House No.....
3. Address at the time of registration of Money Changer: Province:, District,Rural Municipality/ Municipality/ Sub-metropolitan City/ Metropolitan City.....Street No..... House no.....
4. Renewal fee deposited in Rastra Bank, Rs..... Voucher No.....Date.....
5. If guarantee issued by bank or financial institution is to be kept as security deposit, the details of the guarantee issued by bank or financial institution:
 (a) Name of bank and financial institution:
 (b) Amount Rs.:
 (c) Date: From Until
6. Cash security deposited with Rastra Bank: Rs..... Voucher No.....Date.....
7. Name of the landlord as per the rental agreement, if the money changer is operated at rented space:
 Name:
 Date of agreement Valid date of agreement
 Complete address of rental place.....
8. Name (including branch) and address of the bank and financial institution, with which foreign currency account is to be opened :
9. Institution's Phone No..... Fax No.:.....
 Email:.....Contact Mobile Number.....
10. I/we declare that I am/we are Nepalese citizen over 18 years of age; have sound mental state; have not been declared bankrupt; if blacklisted for any dealings with any bank or financial institution, at least three years have passed since removal from such list; have paid tax liabilities

as per prevailing laws; if convicted of any moral turpitude by the court, at least five years have passed since serving the sentence; if convicted of corruption or fraud, at least five years have passed since serving the sentence; do not hold any position in government, public, bank, or financial institution service; have not been proven to have dishonest or mal-intention in dealing with bank or financial institution; and have not been convicted of any offense related to money laundering or terrorism financing activities.

I/we declare that the above-mentioned details and the following particulars are true and correct, and if found false, I/we am/are ready to face punishment according to the prevailing laws. Furthermore, if additional details or particulars are required beyond the mentioned details and particulars, I/we request to submit them within the specified period as prescribed.¹

11. Seal of the institution

Sincerely,

Signature:

Name:

Date:

Schedule-11(A)

Related to Sub-bylaw (1) of Bylaw 19 of the Bylaw

Documents to be submitted for renewal

1. Application according to Schedule-11.
2. Original voucher of payment of renewal fee.
3. Original voucher regarding deposit of cash for cash security, original guarantee for guarantee issued by bank and financial institutions.
4. Original voucher for deposit of cash security.
5. If the money changer is being operated at rented space, the updated rental agreement and proof of payment of rental tax.
6. Proof of payment of tax for the fiscal year or submission of tax returns, as specified by Rastra Bank, at Inland Revenue Office.
7. Updated details of shareholdings.
8. Copy of memorandum of association and articles of association (if amended).
9. In case of change of shareholder, director and office bearer, certified copy of their citizenship certificate and one each passport size photograph.
10. Original letter from Credit Information Bureau of Nepal stating that the concerned money changer, shareholder, director and office bearer are not on blacklisted.¹
11. Audited financials as prescribed by Rastra Bank.
12. Self-declaration that Foreign Exchange (Regulation) Act, 1962; Asset (Money) Laundering Prevention Act, 2008; other Acts and rules, bylaws, Rastra Bank issued circular, order and directives thereunder the mentioned Acts have been fully complied.
13. If criminal record is shown in police report, 5 years have elapsed after serving the sentence (evidence to be submitted).⁴

Schedule-12
Related to Sub-bylaw (4) of Bylaw 19 of the Bylaw
NEPAL RASTRA BANK
FOREIGN EXCHANGE MANAGEMENT DEPARTMENT/.....OFFICE

Renewal of Licence for Money Changer
(Convertible Foreign Currencies/Indian Rupees)

Licence No.: NRB (Fx.) MC .../

The Money Changer Licence issued to M/S (Name) (Address), **has been renewed** in pursuant to sub section (1) of section 3 of **Foreign Exchange (Regulation) Act, 1962**. The Licence holder may exchange foreign currency from foreigners and Nepalese citizens who have right to hold foreign currency within the country as per the terms and conditions mentioned below as well as given instructions attached herewith.

Type of Transaction :

Place of business:,

Valid until:

Terms and Conditions :

1. The company must follow Foreign Exchange (Regulation) Act, 1962; Money Laundering Prevention Act, 2008; and other Acts and Rules, Bylaws, Bylaw and circulars issued there under by any competent authority including Nepal Rastra Bank (Central Bank of Nepal) from time to time.
2. This Licence must be displayed at the place of business. The Licence must only be used at the place of business where this authorization applies.
3. The company must submit monthly statements to Nepal Rastra Bank and other information as required by the Nepal Rastra Bank time to time.
4. Daily exchange rates of foreign currencies must be displayed at the place of business.
5. This Licence is not transferable.

For and on the behalf of
Nepal Rastra Bank

.....
(Address of Nepal Rastra Bank's Department/Office)

Date:	(.....) Assistant Director	(.....) Deputy Director
--------------------	--------------------------------------	-----------------------------------

¹First Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on April 7, 2022 (meeting number: 41/2078).

²Second Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date June 29, 2022 (meeting number 9/2079).

³Third Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date September 29, 2022 (meeting number 22/2079).

⁴Fourth Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date December 15, 2022 (meeting number 31/2079).